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February 6, 2020

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

Company name: TAKAMIYA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 2445 URL: <https://www.takamiya.co/>
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 Scheduled date to file Quarterly Securities Report: February 7, 2020
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2019	34,291	7.6	2,772	38.2	2,614	33.2	1,750	48.1
Nine months ended December 31, 2018	31,869	18.4	2,006	44.2	1,963	37.8	1,181	8.4

(Note) Comprehensive income
 Nine months ended December 31, 2019: 1,718 million yen (60.0%)
 Nine months ended December 31, 2018: 1,073 million yen (0.5%)

	Earnings per share		Diluted earnings per share	
	yen		yen	
Nine months ended December 31, 2019	39.40		38.30	
Nine months ended December 31, 2018	27.58		26.75	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2019	57,715	17,954	30.3	376.06
As of March 31, 2019	54,414	14,575	26.0	330.62

(Reference) Shareholders equity
 As of December 31, 2019: 17,512 million yen
 As of March 31, 2019: 14,170 million yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Year ended March 31, 2019	—	4.00	—	7.00	11.00
Year ending March 31, 2020	—	6.00	—		
Year ending March 31, 2020 (forecasts)				8.00	14.00

(Note) Revisions to performance forecasts published most recently: No

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	45,590	8.1	3,930	44.8	3,630	36.3	2,440	49.0	54.28

(Note) Revisions to performance forecasts published most recently: No

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* Notes

- (1) Changes in significant subsidiaries during the current quarter consolidated cumulative period
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - ② Changes in accounting policies due to other reasons: No
 - ③ Changes in accounting estimates: No
 - ④ Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2019	46,577,000 shares	As of March 31, 2019	45,467,600 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	7,020 shares	As of March 31, 2019	2,606,971 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2019	44,417,426 shares	Nine months ended December 31, 2018	42,840,704 shares
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* Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

* Explanation regarding appropriate use of the earnings forecast and other special notes
(notes on descriptions about the future, etc.)

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 2, "1. Qualitative information regarding the financial results for the current quarter: (3) Descriptions regarding future prospects such as consolidated performance forecasts".

○ Table of Contents: Appendix

1. Qualitative Information regarding the Current Quarter	2
(1) Descriptions regarding operating results.....	2
(2) Descriptions regarding financial position	3
(3) Descriptions regarding future prospects such as consolidated performance forecasts.....	3
2. Quarterly consolidated financial statements and principal notes.....	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statements of income and statement of comprehensive income	6
Quarterly consolidated statements of income	
For the third quarter consolidated cumulative period.....	6
Quarterly consolidated statement of comprehensive income	
For the third quarter consolidated cumulative period.....	7
(3) Notes on quarterly consolidated financial statements	8
(Going concern assumption)	8
(Notes in case of significant changes in the amount of shareholders' equity).....	8
(Segment information)	8

1. Qualitative information regarding the current quarter

(1) Descriptions regarding operating results

During the current third quarter consolidated cumulative period, global economy has concerns about trade issues between U.S.A. and China, movement of so-called Brexit and others, and the recent situations of uncertainty still remains. Domestically as well, although Japanese economy has shown gradual upswing, we could not make any optimistic prediction for the future due to continued occurrence of natural disasters and other factors.

In the domestic construction industry in which the Group operates, construction work in connection with the forthcoming Tokyo 2020 Olympic and Paralympic Games and large-scale redevelopment work around Tokyo metropolitan area are approaching to the most important part. Furthermore, public work such as reconstruction of infrastructure has got into full swing, so our environment generally remains in a good situation. At the same time, however, shortage of construction workers and stricter safety criteria have still been significant issues for our industry.

Also in the overseas markets, especially in ASEAN region where the Group has its business bases, construction demands are rising vigorously such as public infrastructure/urban development in the Philippines, so our environment remains in a good situation.

Amid such an environment, the Group has set out its mid-term management vision as "Create new value through transformation and aim to become a corporate group that drives qualitative development of the industry", and putting its efforts to four objectives: Strengthen management foundations; Drive innovation in the earning base; Accelerate overseas business development; and Create new growth businesses.

As a result, consolidated performance of the current third consolidated cumulative period was as follows: net sales of 34,291,954,000 yen (increase by 7.6% YoY); operating income of 2,772,843,000 yen (increase by 38.2% YoY); ordinary income of 2,614,492,000 yen (increase by 33.2% YoY); and quarterly net profit attributable to owners of parent of 1,750,138,000 yen (increase by 48.1% YoY).

Operating results of individual business segments are as follows.

① Sales business

In the context of construction demands rising vigorously and transition from conventional framework scaffolding to the next generation scaffolding associated with stricter safety criteria at construction sites, sales of the "Iq System" and its peripheral components maintained steady growth.

These operations resulted in net sales of 11,246,758,000 yen (increase by 11.6% YoY) and operating income of 1,414,854,000 yen (increase by 6.9% YoY).

② Rental business

Regarding temporary equipment for private construction work, thanks to demands rising vigorously, utilization rate of temporary equipment centered on the "Iq System" remained at a high level. Similarly, shipment of temporary equipment for civil engineering and bridge construction is getting close to its peak, especially those delivered to large-scale sites such as stretching work of the Hokuriku Shinkansen (bullet train). These operations enabled us to have overall rental quantities of temporary equipment including those for private construction work, civil engineering and bridge construction during the current third quarter consolidated cumulative period, remain at a high level continuously since the Company's foundation. As for profitability, efforts devoted to holding down investment in rental temporary equipment and to efficient operation resulted in substantially higher segment income.

These operations resulted in net sales of 19,485,902,000 yen (increase by 11.4% YoY) and operating income of 2,301,445,000 yen (increase by 36.1% YoY).

③ Overseas business

In the solar-related business segment, despite steady growth of our environment for receiving orders, there was no such big project as the previous term and thus amount of sales substantially decreased. With respect to rental business of temporary equipment, our environment for receiving orders has maintained steady growth thanks to demands rising vigorously. As for sales business of temporary equipment, inter-segment sales increased because stable and efficient production systems have been put in place in HORY VIETNAM and HORY KOREA. Also in terms of profitability, although proactive business development has led to increases in depreciation of temporary equipment and in land rent, etc., segment income has gradually recovered thanks to improvement in gross profit rate.

These operations resulted in net sales of 5,532,921,000 yen (decrease by 9.2% YoY) and operating income of 300,476,000 yen (increase by 564.0% YoY).

(2) Descriptions regarding financial position

Total assets was 57,715,713,000 yen at the end of the current third quarter consolidated fiscal period, i.e. increase by 3,301,454,000 yen as compared to the end of previous consolidated fiscal year. This is mainly due to decrease in cash and deposits by 1,883,621,000 yen, increase in notes and accounts receivable - trade by 1,929,040,000 yen.

Total liabilities was 39,761,450,000 yen, i.e. decrease by 77,113,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in notes and accounts payable by 908,986,000 yen, increase in short-term loans payable by 666,180,000 yen, and decrease in long-term loans payable (including current portion) by 1,423,380,000 yen.

Total net assets was 17,954,263,000 yen, i.e. increase by 3,378,567,000 yen since the end of the previous consolidated fiscal year. This is mainly due to increase in capital stock by 317,983,000 yen, increase in capital surplus by 682,321,000 yen, and increase in retained earnings by 1,170,694,000 yen.

(3) Descriptions regarding future prospects such as consolidated performance forecasts

There is no change in the consolidated performance forecasts as announced in "Notices concerning revisions to the performance forecasts and to the dividend forecasts" on October 28, 2019.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	5,734,184	7,617,805
Notes and accounts receivable - trade	11,401,400	13,330,440
Merchandise and finished goods	3,170,300	3,564,424
Work in process	965,979	821,634
Raw materials and supplies	1,001,093	1,054,578
Other	782,944	939,268
Allowance for doubtful accounts	(274,311)	(275,757)
Total current assets	22,781,590	27,052,394
Non-current assets		
Property, plant and equipment		
Assets for rent	39,400,960	39,582,645
Accumulated depreciation-Assets for rent	(22,974,395)	(24,561,192)
Assets for rent, net	16,426,564	15,021,452
Buildings and structures	6,536,249	7,367,181
Accumulated depreciation and impairment loss	(3,361,117)	(3,520,913)
Buildings and structures, net	3,175,131	3,846,268
Machinery, equipment and vehicles	2,326,347	2,417,845
Accumulated depreciation	(1,137,582)	(1,270,929)
Machinery, equipment and vehicles, net	1,188,764	1,146,915
Land	5,763,542	5,343,916
Leased assets	903,914	848,007
Accumulated depreciation	(444,153)	(427,179)
Leased assets, net	459,760	420,827
Construction in progress	305,038	437,082
Other	1,062,032	1,116,570
Accumulated depreciation	(752,478)	(809,774)
Other, net	309,554	306,796
Total property, plant and equipment	27,628,356	26,523,260
Intangible assets		
Leasehold right	327,821	327,821
Goodwill	212,741	172,528
Leased assets	11,363	8,637
Other	267,913	445,575
Total intangible assets	819,840	954,563
Investments and other assets		
Investment securities	454,484	512,571
Guarantee deposits	577,834	673,606
Membership	39,356	39,606
Net defined benefit asset	73,543	78,093
Deferred tax assets	899,404	721,186
Other	1,183,917	1,202,752
Allowance for doubtful accounts	(44,069)	(42,320)
Total investments and other assets	3,184,471	3,185,494
Total non-current assets	31,632,668	30,663,318
Total assets	54,414,258	57,715,713

(Thousand yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,711,262	6,620,249
Short-term loans payable	4,621,120	5,287,300
Current portion of bonds	160,000	200,000
Current portion of long-term loans payable	5,858,184	5,753,143
Lease obligations	247,716	307,612
Income taxes payable	763,642	448,347
Provision for bonuses	223,416	97,827
Provision for directors' bonuses	19,060	—
Notes payable - facilities	234,485	119,937
Asset retirement obligations	—	22,845
Other	2,464,066	2,628,859
Total current liabilities	20,302,955	21,486,122
Non-current liabilities		
Bonds payable	2,710,000	2,590,000
Long-term loans payable	13,495,882	12,177,542
Lease obligations	967,697	1,332,646
Net defined benefit liability	900,280	919,697
Asset retirement obligations	15,882	12,724
Other	1,445,865	1,242,717
Total non-current liabilities	19,535,608	18,275,327
Total liabilities	39,838,563	39,761,450
Net assets		
Shareholders' equity		
Capital stock	732,130	1,050,114
Capital surplus	1,226,217	1,908,539
Retained earnings	13,395,332	14,566,026
Treasury stock	(1,233,173)	(3,331)
Total shareholders' equity	14,120,506	17,521,349
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48,507	61,663
Deferred gains (losses) on hedges	(30,715)	(18,093)
Foreign currency translation adjustment	55,101	(29,615)
Remeasurements of defined benefit plans	(22,747)	(22,377)
Total accumulated other comprehensive income	50,145	(8,421)
Subscription rights to shares	296,346	306,115
Non-controlling interests	108,696	135,220
Total net assets	14,575,695	17,954,263
Total liabilities and net assets	54,414,258	57,715,713

(2) Quarterly consolidated statements of income and statement of comprehensive income

(Quarterly consolidated statements of income)

(For the third quarter consolidated cumulative period)

(Thousand yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	31,869,789	34,291,954
Cost of sales	22,901,402	23,816,172
Gross profit	8,968,386	10,475,781
Selling, general and administrative expenses	6,961,999	7,702,938
Operating income	2,006,387	2,772,843
Non-operating income		
Interest income	7,594	7,852
Dividend income	20,643	11,756
Rent income	37,690	55,427
Contribution for assets for rent	6,185	7,559
Gain on sales of scrap	76,815	58,669
Gain on valuation of derivatives	—	867
Other	89,403	93,871
Total non-operating income	238,333	236,004
Non-operating expenses		
Interest expenses	186,485	200,929
Commission fee	51,771	48,207
Bond issuance cost	4,674	—
Foreign exchange losses	8,826	36,868
Loss on valuation of derivatives	1,930	—
Bad debts expenses	—	63,206
Other	27,825	45,142
Total non-operating expenses	281,513	394,355
Ordinary income	1,963,206	2,614,492
Extraordinary income		
Gain on sales of non-current assets	—	154,369
Total extraordinary income	—	154,369
Extraordinary losses		
Loss on retirement of non-current assets	2,723	2,292
Impairment loss	31,054	53,134
Amortization of goodwill	47,798	—
Total extraordinary losses	81,575	55,426
Profit before income taxes	1,881,631	2,713,436
Income taxes - current	595,584	773,053
Income taxes - deferred	92,110	163,735
Total income taxes	687,695	936,788
Profit (loss)	1,193,935	1,776,647
Profit (loss) attributable to non-controlling interests	12,350	26,508
Profit (loss) attributable to owners of parent	1,181,584	1,750,138

(Quarterly consolidated statements of income)
(For the third quarter consolidated cumulative period)

(Thousand yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit (loss)	1,193,935	1,776,647
Other comprehensive income		
Valuation difference on available-for-sale securities	(50,477)	13,172
Deferred gains (losses) on hedges	8,744	12,622
Foreign currency translation adjustment	(80,312)	(84,716)
Remeasurements of defined benefit plans, net of tax	2,102	370
Total other comprehensive income	(119,942)	(58,551)
Comprehensive income	1,073,993	1,718,095
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,061,659	1,691,571
Comprehensive income attributable to non-controlling interests	12,333	26,523

(3) Notes on quarterly consolidated financial statements

(Going concern assumption)

Not applicable.

(Notes in case of significant changes in the amount of shareholders' equity)

The Company issued new shares by means of public offering with due date of payment on September 10, 2019, and disposed some of its treasury stock. This resulted in, during the current third quarter cumulative period, increase in capital stock of 306,580,000 yen, increase in capital surplus of 670,918,000 yen, and decrease in treasury stock by 1,229,878,000 yen.

In addition, execution of subscription rights to shares resulted in increases in both capital stock and capital surplus by 11,403,000 yen, respectively.

Consequently, at the end of the current third quarter consolidated cumulative period, capital stock was 1,050,114,000 yen, capital surplus was 1,908,539,000 yen, and treasury stock was 3,331,000 yen.

(Segment information)

【Segment Information】**I Previous third quarter consolidated cumulative period (from April 1, 2018 to December 31, 2018)****1. Information on amount of net sales and of income/loss for each reportable segment.**

	(Thousand yen)					
	Sales business	Rental business	Overseas business	Total	Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
Net sales						
Sales to external customers	9,944,345	17,376,958	4,548,485	31,869,789	—	31,869,789
Inter-segment sales or transfer	137,029	118,842	1,543,237	1,799,108	(1,799,108)	—
Total	10,081,374	17,495,801	6,091,722	33,668,898	(1,799,108)	31,869,789
Segment income (loss)	1,323,038	1,691,527	45,255	3,059,820	(1,053,433)	2,006,387

Notes: 1. Adjusted segment loss of (1,053,433) thousand yen includes inter-segment transaction elimination of 175,802 thousand yen and corporate expenses not allocated to individual reportable segments of (1,229,235) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.

2. Segment income (loss) is in agreement with the operating income (loss) presented on the Quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment.

Impairment loss of 31,054,000 yen has not been allocated to reportable segments. Also, in the "Overseas business" segment one-time amortization of goodwill of 47,798,000 yen was allocated to extraordinary loss.

II Current third quarter consolidated cumulative period (from April 1, 2019 to December 31, 2019)**1. Information on amount of net sales and of income/loss for each reportable segment.**

	(Thousand yen)					
	Sales business	Rental business	Overseas business	Total	Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
Net sales						
Sales to external customers	11,053,972	19,451,275	3,786,705	34,291,954	—	34,291,954
Inter-segment sales or transfer	192,786	34,626	1,746,215	1,973,627	(1,973,627)	—
Total	11,246,758	19,485,902	5,532,921	36,265,582	(1,973,627)	34,291,954
Segment income (loss)	1,414,854	2,301,445	300,476	4,016,776	(1,243,933)	2,772,843

Notes: 1. Adjusted segment loss of (1,243,933) thousand yen includes inter-segment transaction elimination of 225,686 thousand yen and corporate expenses not allocated to individual reportable segments of (1,469,620) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.

2. Segment income (loss) is in agreement with the operating income (loss) presented on the Quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment.

Impairment loss of 53,134,000 yen has not been allocated to reportable segments.